

## DEPARTMENT OF HEALTH SERVICES

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SACRAMENTO, CA 94234-7320

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Date Issued: November 16, 1995

CMSP Letter: 95-11

To: All CMSP County Welfare Directors

Subject: PROPOSED PILOT PROJECT

The County Medical Services Program (CMSP) Governing Board's Eligibility Committee recommended the approval of a proposed pilot project, submitted by El Dorado County, at the October 26, 1995 meeting. The pilot will evaluate the cost effectiveness of a pro-active investigation program funded by the CMSP and directed exclusively towards the CMSP in El Dorado County which borders not only several "independent" counties but also another state. We are enclosing a copy of the El Dorado County Proposal for your review.

In anticipation of further discussion by the Governing Board, the Eligibility Committee has asked us to determine if other CMSP Counties have any interest in participating in this type of pilot project. Interested counties should FAX to the CMSP Unit a summary of their County specific proposal including at a minimum a statement of need and the estimated costs. Counties need not present a program outline or an evaluation process unless they differ from those presented by El Dorado County. Your County's proposal should be FAXED to the CMSP Unit at **(916) 323-3350** no later than **Wednesday, December 13, 1995** in order to be considered.

If you have any questions regarding the report or this letter, please contact Mr. Albert Cooper, of my staff at, (916) 322-1615.

Sincerely,



Jim Martinez, Chief  
County Medical Services Program Unit

## Enclosure

cc Mr. Albert Cooper  
County Medical Services Program Unit  
Department of Health Services  
1800 3rd Street, Room 100  
P.O. Box 942732  
Sacramento, CA 94234-7320

# EL DORADO COUNTY

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## Department of Social Services

October 25, 1995

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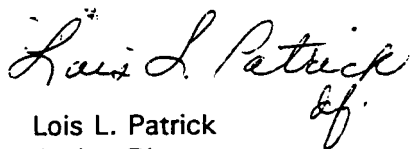
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To: CMSP Governing Board Committee

El Dorado County is requesting the CMSP Governing Board fund a two year pilot project to identify and reduce fraud in the county CMSP program.

Attached please find the outline of the project. Questions on the proposed project may be directed to Ed Zylman, (916) 621-6317.

Sincerely,



Lois L. Patrick  
Acting Director

LP/EZ/df

**EL DORADO COUNTY  
COUNTY MEDICAL SERVICES PROGRAM (CMSP)  
FRAUD INVESTIGATION PROJECT**

**THE PROPOSAL:**

El Dorado County is proposing a pilot to evaluate the cost effectiveness of a pro-active investigation program directed exclusively towards CMSP. Funding for this pilot is being requested from the CMSP Governing Board.

**HISTORY:**

Under current regulations, reimbursement to cover the cost of fraud investigations and recoupment in the CMSP program is complicated and without incentives to the county. (Attachment #1) As outlined in appendix D, #7 of the current Participating County Contact (Attachment #2), it is the county's responsibility to detect and recover CMSP benefits that have been improperly or fraudulently received. With the restrictive budgets of California's counties, they have limited or no resources to direct towards fraud detection or prevention in CMSP. Indeed, in a limited survey of CMSP counties, fraud prevention or investigation was such a low priority as to be non-existent.

**NEED:**

El Dorado County is bordered on the east by the state of Nevada and the west by Sacramento county. Because Nevada has almost no services for it's indigent population, and Sacramento, has very restrictive county program discouraging participation, El Dorado has experienced a significant problem with fraudulent non-county residence. In addition it can be assumed that the federally established fraud rate of 10% for medical services would hold true for CMSP as well.

The potential loss in fraudlently claimed CMSP funds could be quite significant. El Dorado County has an ongoing caseload of approximately 1500 cases and an average monthly intake of 453 application (attachment #3 & #4). Using the federally established fraud rate of 10%, an estimated 693 fraud referrals could be received in this program in one year. Previous State figures have put an estimated saving of \$7200 per case when fraud is detected. If a 50% fraud rate was found and a case savings of only half of the State's estimate, was used, a cost savings of \$1,245,600 could be established for El Dorado's CMSP program (346 cases X \$3,600 = \$1,245,600)

## **PROGRAM OUTLINE:**

El Dorado County proposes hiring one (1) full-time welfare fraud investigator to conduct investigations of applicants and recipients of CMSP. In this project, El Dorado will;

- Initiate a two year project to identify and prevent fraud in the CMSP program beginning January 3, 1996.
- Interview 100% of CMSP applicants in the preventive fraud component of the program.

Investigate all referrals generated by eligibility staff in the CMSP units.

Using a method of random selection, review active case files and interview recipients in the CMSP caseload.

- Provide a training program to CMSP eligibility staff to enhance detection of possible fraud and to encourage referrals.
- Refer for prosecution all cases that meet the standards as set by the El Dorado County District Attorney.

Actively attempt to collect all overpayments identified in the CMSP program.

- Provide reports as directed by the CMSP Governing Board.
- Provide a liaison for communication between El Dorado County and the Governing Board's designee.

At the end of the project, or intervals requested by the Board, provide a complete written evaluation of the project with the County's recommendations.

- Assist with other Board directives as requested.

### **REQUESTED FROM THE CMSP GOVERNING BOARD:**

El Dorado County is requesting approval and funding for a two (2) year pilot project for the identification and prevention of fraud in the CMSP program. Costs are as follows:

\$157,462	Salary, benefits and overhead for one full-time fraud investigator as hired by El Dorado County. (78,731 x 2 years)
35,943	Four wheel drive vehicle and maintenance cost. (Vehicle - \$22,703 & maintenance for 2 years \$13,240)
	Police Band radio and installation cost.
	A computer, printer and appropriate software.
	Required and ongoing training for the fraud investigator. (608 X 2 yrs.)
	Travel and transportation expenses. (280 x 2 yrs.)
<u>1,055</u>	Standard issue safety equipment
<b>\$201,430</b>	<b>TOTAL PROJECT FUNDING REQUEST</b>

### **EVALUATION PROCESS:**

El Dorado County will report the progress of the project on a quarterly basis. The report will be prepared according to the criteria established by the CMSP Governing Board.

Suggested statistics for the report:

- number of cases reviewed
- number of cases identified as potentially fraud
- number of cases referred for prosecution
- number of cases referred for collection
- dollar amount identified as collectable
- dollar amount collected
- estimated cost avoidance
- program cost to date